GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:748
ANSWERED ON:25.02.2009
RECAPITALISATION OF RRBS
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government proposes to recapitalise Regional Rural Banks (RI^Bs) to improve their viability;

(b) if so, the details thereof, and

(c) the time by which RRBs are likely to be recapitalised by the Government?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) (b) & (c) :- In order to make the Regional Rural Banks (RRBs) having negative networth financially viable and sustainable, the Government initiated the process of recapitalization in the year 2007-08. The number of RRBs required to be recapitalized were identified as 27 (11 amalgamated and 16 unamalgamated) for recapitalization for an amount of Rs 1795.97 crore.

The share capital of RRBs are contributed by the Central Government, State Government and the sponsor banks in the ratio of 50:15:35, respectively. All the three stakeholders are required to contribute their share to complete the process of recapitalization.As of now, out of 27 RRBs having negative networth,20 RRBs have been fully recapitalized and 6 partly. The Central Government would contribute its entire share of contribution for recapitalization in the current fiscal year subject to the contribution of their share of contribution by the State Government and sponsor bank concerned.